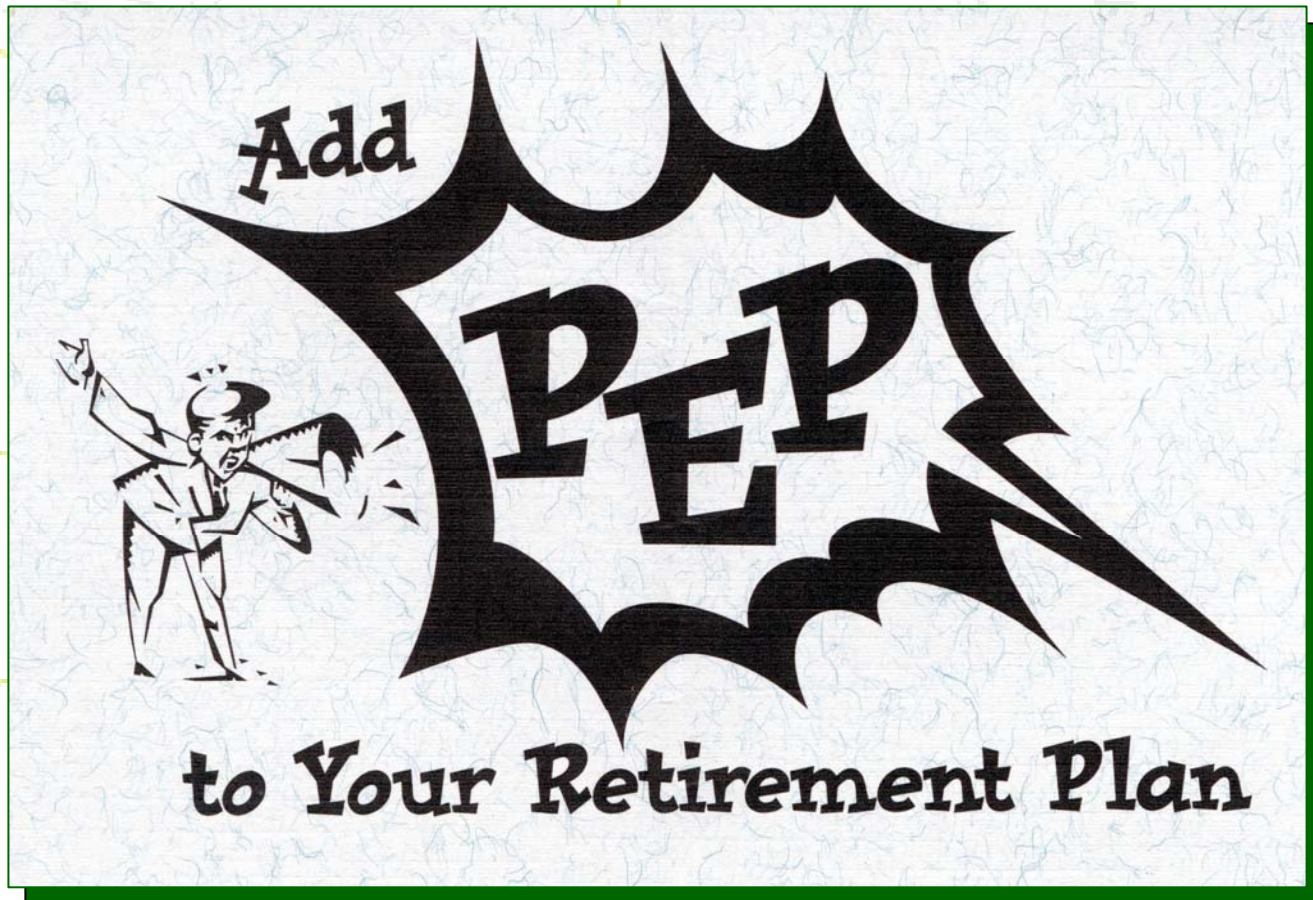


NDPERS



What is PEP

- **PEP allows you to vest in the employer contribution to the defined benefit plan for purposes of a cash distribution benefit**
- **When vested your contribution is added to your account balance in the defined benefit plan**
- **The result is increased portability**

Let's Talk this Out

- **To Understand This Better Lets Talk**
 - **What is portability**
 - **How PERS presently works**
 - **How PERS will work with PEP**
 - **The advantages of PEP**
 - **The disadvantage of PEP**
 - **How to start PEP**



What Is Portability

- **Portability is the ability to “carry” your retirement benefit from one employer to another**
- **Portability has 3 features**
 - **Portability of benefits - Vesting**
 - **Portability of service - Yes**
 - **Portability of assets - Cash Benefit**



What Is Portability

- **PERS Did A Study Of This Issue At The Direction Of The Legislature And Found That PERS Has:**
 - **Good Portability Of Benefits**
 - **Good Portability Of Service**
 - **Partial Portability Of Assets**

What Is Portability



- **The Reason For Only Partial Portability Is Because Of The Way The PERS Plan Presently Works**

How PERS Presently Works

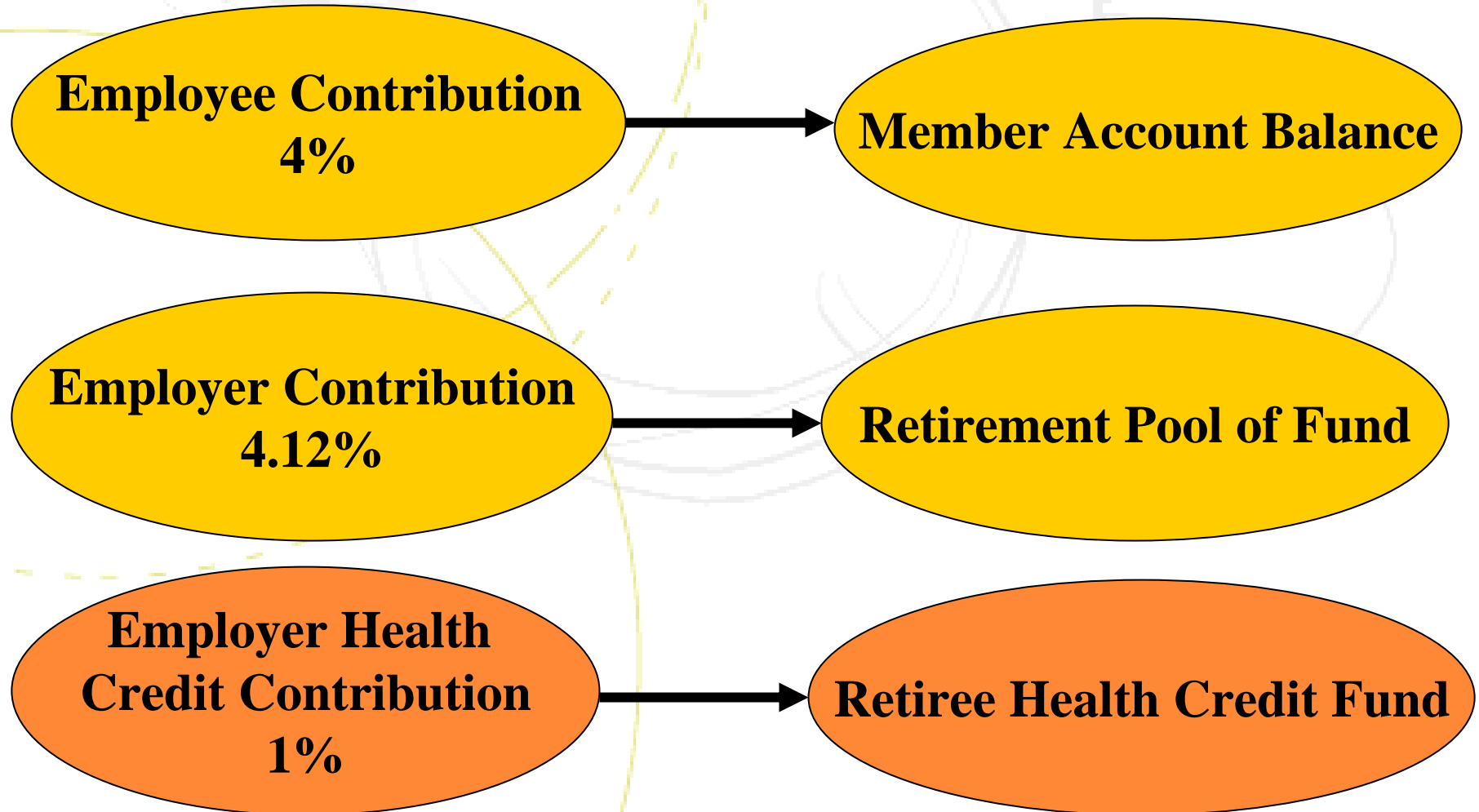
- **There Are Two Basic Options A Member Presently Has At Termination Of Employment**
 - **A Member Can Withdraw Their Account Balance**
 - **A Vested Member Can Elect To Draw A Benefit Based Upon The Formula $(FAS * YOS * 2.00\%)$**

How PERS Presently Works

- **What Is The Account Balance?**
 - **The Account Balance Is Presently The Employee Contribution Of 4% Plus Interest At 7.5%**



Contribution Allocation



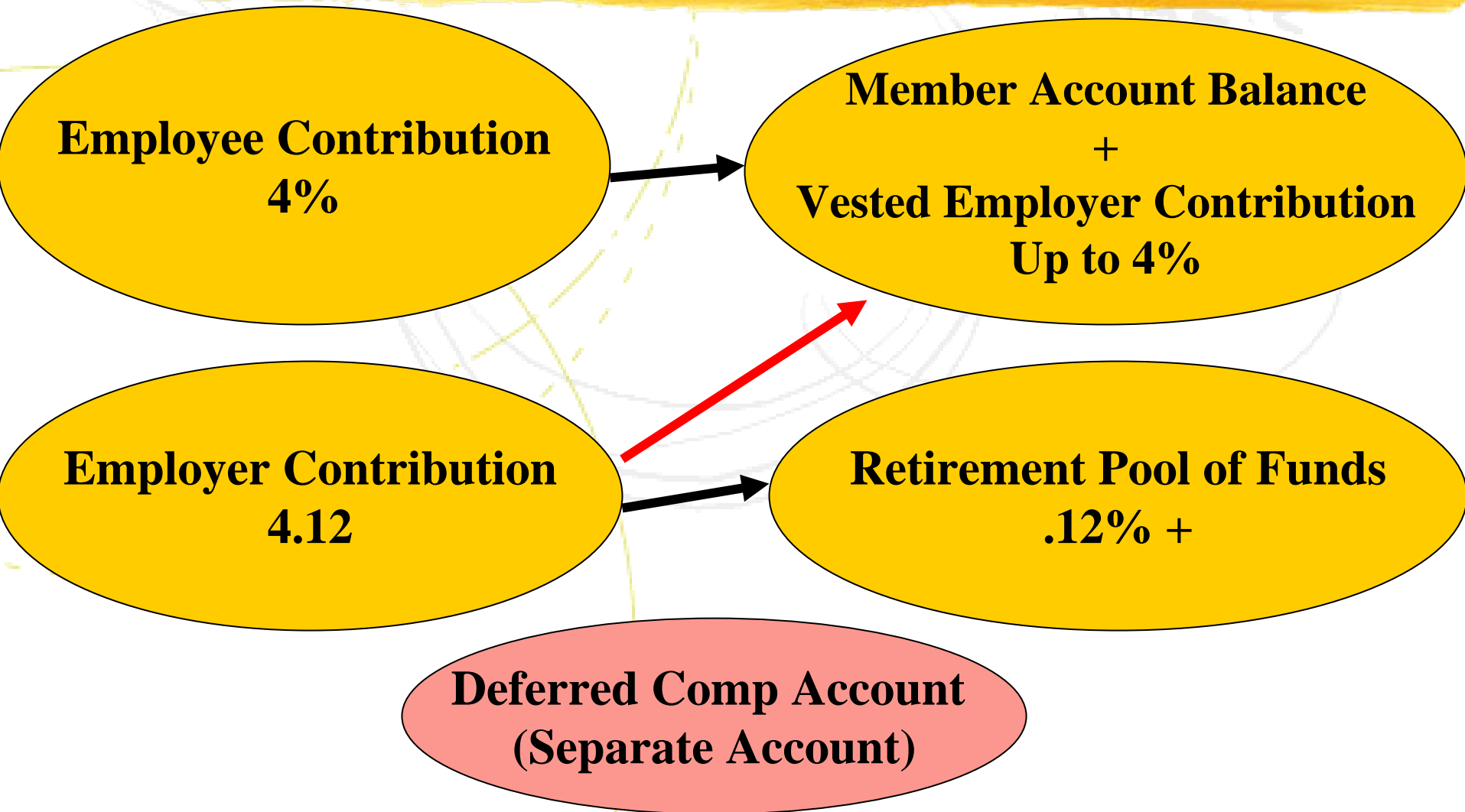
How PERS Presently Works

Salary	Employee Contribution	Account Balance
\$20,000	\$800	\$ 833
\$21,000	\$840	\$1,773
\$21,630	\$865	\$2,812
\$22,279	\$891	\$3,958
\$22,947	\$918	\$5,221

*These examples assume the following:

- 5 years participation
- 5% salary increase after the 1st year
- 3% salary increase each following year
- 7.5% annual interest, compounded monthly

Contribution Allocation With PEP



How PERS Will Work With PEP



- **If PEP is added to your defined benefit plan you can now vest in the employer contribution and it is added to your account balance**

How PERS Will Work With PEP

- **How Do You Vest In The Employer Contribution And Get It Added To Your Account Balance?**
 - **For Every Dollar You Put In A Deferred Comp Plan PERS Will Add One Dollar To Your Defined Benefit Plan Account Balance According To The Vesting Schedule**

Employer Contribution Vesting Schedule (PEP)

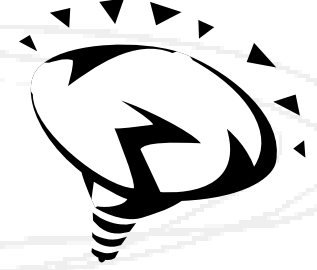
Service Credit	Minimum	Maximum
0-12 Months	\$25	1%
13-24 Months	\$25	2%
25-36 Months	\$25	3%
37+ Months	\$25	4%

How PERS Will Work With PEP

Salary	Employee Contribution	Account Balance Without PEP	457/403(b) Contribution	Account Balance With PEP
\$20,000	\$800	\$833	\$300	\$1,146
\$21,000	\$840	\$1,773	\$420	\$2,547
\$21,630	\$865	\$2,812	\$649	\$4,4097
\$22,279	\$891	\$3,958	\$891	\$6,271
\$22,947	\$918	\$5,221	\$918	\$8,670

*These examples assume the following:

- 5 years participation
- 5% salary increase after the 1st year
- 3% salary increase each following year
- 7.5% annual interest, compounded monthly



Advantages Of PEP

- **Makes The Employer Contribution Portable**
- **Increases The Cash Value Of Your Retirement Account Balance**
- **Increases The Estate Value Of Your Retirement Plan For Your Beneficiaries**
- **Promotes Supplemental Savings**

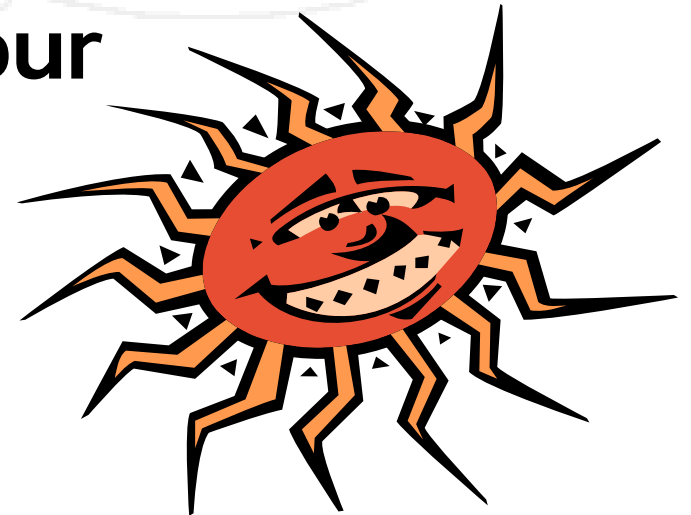
Disadvantages Of PEP

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NONE

How To Start PEP

- **Enroll In An Approved Deferred Comp Plan**
- **If You Are Already Enrolled Continue And If You're Not At The Maximum Consider Increasing Your Contribution**



What is Deferred Comp

- **Supplemental Retirement Plan under IRC 457 or 403(b)**
- **Allows You To Invest On A Pre-Tax Basis**
- **You Choose How To Invest Your Contribution**

PERS Deferred Comp Plan

- **The Plan Offers**
 - **11 Providers (See PERS Web Site)**
 - **250 + Investment Options**
 - **Over 175 Agents Statewide**
 - **Annuities And Mutual Funds**



PERS Deferred Comp Plan

- **PERS Also Offers An Option Known As The “PERS Companion Plan”**
- **PERS Board Selects And Monitors Investments Offered**
- **Is A PERS Trust Fund**

PERS Deferred Comp Plan

- **Other Approved Providers Offered Are Eligible For PEP**
- **Other Providers Are Responsible For Selecting And Monitoring Their Own Investment Options**
- **Assets Are Held In An Insurance Annuity Contract Or Custodial Account**

Plan For The Future!



Add Pep To Your
Retirement
And Feel Good
Knowing You Are
Planning For Your
Financial Future

NDPERS

